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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )

Simplification of the )  
Depreciation Prescription )  
Process )

CC Docket No. 92-296

**BELL ATLANTIC REPLY COMMENTS ON  
PROPOSED ACCOUNT LIFE AND SALVAGE RANGES**

The comments filed in response to the Commission's Order Inviting Comments (rel. Nov. 12, 1993) ("OIC") echo the Bell Atlantic telephone companies'<sup>1</sup> ("Bell Atlantic") call to set ranges for more accounts and for greater flexibility for those accounts with ranges already proposed. If the Commission desires real simplification, it should act quickly to effectuate its stated goals.<sup>2</sup>

**Additional account ranges should be set.**

Most comments, like those of Bell Atlantic, questioned why additional ranges were not proposed in this initial order.<sup>3</sup> None

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<sup>1</sup> The Bell Atlantic telephone companies are Bell Atlantic - Pennsylvania, Inc.; Bell Atlantic - Delaware, Inc.; Bell Atlantic - Washington, D.C., Inc.; Bell Atlantic - West Virginia, Inc.; Bell Atlantic - Maryland, Inc.; Bell Atlantic - New Jersey, Inc.; and Bell Atlantic - Virginia, Inc.

<sup>2</sup> See *Simplification of the Depreciation Prescription Process*, CC Docket 92-926, Report and Order at ¶ 3 (Oct. 20, 1993) (hereinafter, "Depreciation Order").

<sup>3</sup> See *Simplification of the Depreciation Prescription Process*, CC Docket No. 92-296 (comments filed Dec. 17, 1993): Bell Atlantic Comments on Proposed Account Life and Salvage Ranges at 2 ("Bell Atlantic Comments"); Comments By Ameritech at 6-7; Comments of Bellsouth at 3, Comments to Order Inviting Comments Filed by the Oklahoma Corporation Commission Public Utility Division at 3 ("Oklahoma PUD Comments"); GTE's Comments at 2; Comments of Pacific

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of the comments suggested that the Commission erred in proposing ranges for too many accounts. As pointed out in a number of the comments, the initial ranges only constitute a small fraction of the total depreciable plant.<sup>4</sup> The Technology Futures Institute study attached to the USTA Comments<sup>5</sup> provides a basis for setting ranges for an additional six accounts. This would constitute an additional 60% of Bell Atlantic's plant and would move the amount in proposed ranges from 29% to 89%. The USTA Comments provide a basis for simplifying all remaining accounts. The Commission should approve additional ranges based on the comments it received in the OIC.

**Ranges set must be broader and forward looking.**

The comments provided several concrete proposals for modifying account lives. In addition to Bell Atlantic's suggested modifications to the low end of the projection life ranges for metallic and non-metallic cable accounts,<sup>6</sup> several other comments offered modifications shortening the low end of the ranges of

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Bell and Nevada Bell at 2-3; NYNEX's Comments at 2; Comments of Southwestern Bell Telephone Company Regarding Order Inviting Comments at 3 ("Southwestern Bell Comments"); Comments of U.S. West Communications, Inc. at 2 ("US West Comments"), Comments of The Southern New England Telephone Company at 1 ("SNET Comments").

<sup>4</sup> See, e.g., NYNEX's Comments at 2; Southwestern Comments at 3; US West Comments at 2.

<sup>5</sup> Comments of the United States Telephone Association, CC Docket No. 92-296 (filed Dec. 17, 1993) ("USTA Comments"), Attachment 2 (*Telecommunications Equipment Depreciation -- Looking to the Future*, Lawrence K. Vanston, Ph.D., Technology Futures, Inc., Dec. 15, 1993).

<sup>6</sup> See Bell Atlantic Comments at 5-8.

proposed accounts.<sup>7</sup> These suggestions provide theoretical and practical support to Bell Atlantic's criticism of the proposed ranges for these accounts.<sup>8</sup> Most dramatically, the prolonged range for the only metallic (copper) cable account covered by the OIC is inconsistent with national,<sup>9</sup> local<sup>10</sup> and Commission policies<sup>11</sup> on network deployment. In addition to the accounts specified in its

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<sup>7</sup> See, e.g., USTA Comments at 6-9 (recognize Analog Circuit Equipment as a dying account, 15 years for Underground Metallic Account, 20 years for non-metallic fiber accounts, 2 to 10 years for computers); NYNEX Comments at 5 (20 years for fiber accounts, less for cable in high-stress urban environments); US West Comments at 8-9 (5 years for Computer and Circuit Analog, 15 years for Underground Cable-Metallic, and 20 years for all fiber accounts); Comments by Ameritech, Exhibit 1 (contrasts proposed Commission ranges with AT&T 1991 study and Illinois 1991 study).

<sup>8</sup> The only comment suggesting that any of the proposed ranges are too short was submitted by Missouri Public Service Commission. The Missouri Commission argues that the Commission underestimated the useful life of non-metallic cable accounts, because, in part, it knows of no "imminently-emerging technology which would render glass fiber obsolete." Missouri Public Service Commission Comments at 4. In today's rapidly changing environment, such a standard would overstate the useful life of any technological evolution. Moreover, it is clear that in advocating no depreciation simplification for any account that constitutes more than two percent of a LEC's total depreciable plant investment (*id.* at 1-2), the Missouri Commission seeks to restrict use of basic factor ranges. Under the Commission's simplification framework, however, should the Missouri Commission, or any other local regulatory authority, question a specific company's account, it would still have the ability to require justification, even for an account within a range. There is no regulatory benefit to limiting companies' ability to use simplified filing methodology.

<sup>9</sup> See, e.g., Vice President Albert Gore, speech to the National Press Club (Dec. 21, 1993) ("The Clinton Administration believes, though, that as with the telegraph, our role is to encourage the building of the national information infrastructure by the private sector as rapidly as possible"); 58 Fed. Reg. 66,259 (1993) (to be codified at 7 C.F.R. pt. 1751.106 (proposed Dec. 20, 1993) ("The minimum long term objective is universal availability of a minimum 150 Mb/s telecommunications channel within 15 years").

<sup>10</sup> See Bell Atlantic Comments at 6-7.

<sup>11</sup> See, e.g., *Telephone-Company Cable Television Cross-Ownership Rules*, 7 FCC Rcd 5781, ¶ 1 (1992).

initial comments, Bell Atlantic endorses modifications proposed in the USTA Comments.

More generally, many comments criticized the narrowness of the ranges.<sup>12</sup> This failing, combined with the Commission requirement that a full study must be done in order to move into a range, serves to impair any benefit of simplification, and actually serves to increase the regulatory burden from pre-simplification requirements.<sup>13</sup> While Bell Atlantic strongly supports the Commission's goals of simplification, Bell Atlantic questions whether current policies will lead toward that goal. The infirmities of the recent Depreciation Order<sup>14</sup> and the limited number and size of the proposed ranges<sup>15</sup> may require the filing of more information than under the Commission's pre-simplified procedures.

Finally, the Missouri Public Service Commission Comments' reference to alleged Commission Staff difficulty in obtaining account information from companies confuses the ongoing requirement to maintain information and the additional burden of preparing that information as a public document for Commission review. This is

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<sup>12</sup> See, e.g., GTE's Comments at 6, NYNEX's Comments at 4; Southwestern Bell Comments at 5; US West Comments at 6.

<sup>13</sup> See, e.g., Petition of Bell Atlantic for Reconsideration at 3, CC Docket No. 92-296 (filed Dec. 6, 1993); Comments of Pacific Bell and Nevada Bell at 3; Comments by Ameritech at 7.

<sup>14</sup> See Bell Atlantic Petition for Reconsideration.

<sup>15</sup> See Bell Atlantic Comments.

the burden that simplification was supposed to alleviate.<sup>16</sup>

### Conclusion

When viewed in aggregate, the Depreciation Order's requirement for a full submission supporting accounts moving into a range, the Depreciation Order's requirement for on-going justification of curve shapes -- even for accounts that do not require similar justification today, the failure to propose ranges for accounts covering 70% of depreciable plant, the setting of narrow ranges that are inconsistent with national infrastructure policy and are too restrictive for most companies, and the attempt to gather additional information -- not collected prior to simplification, all suggest that something is greatly amiss in the Commission's effort to simplify depreciation prescription. While it is laudable that the Commission recognizes the need for simplification, it

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<sup>16</sup> See Missouri Public Service Commission Comments at 6, n. 16, CC Docket No. 92-296 (filed Dec. 17, 1993).

would be of no value if that recognition failed to translate into policies that bring about simplification in more than name only.

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The Bell Atlantic Telephone Companies

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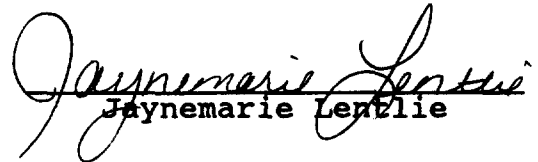
  
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Dated: January 21, 1994

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Bell Atlantic Reply Comments on Proposed Account Life and Salvage Ranges" was served this 21st day of January, 1994, by first class mail, postage prepaid, on the parties on the attached list.

  
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